

House Research Act Summary

CHAPTER: 59

SESSION: 2015 Regular Session

TOPIC: Long-term care insurance inflation

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Overview

This act, among other things, prohibits certain language in long-term care insurance policies and requires the inflation protection to be no less than one percent per year or a rate based on the changes in the Consumer Price Index.

Section

- 1** **Disability income coverage; prohibited provision.** Adds § 62A.241. Prohibits any policy for disability income protection coverage from containing a provision purporting to reserve discretion to the insurer to interpret the terms of the contract or provide a standard of review that is inconsistent with state law, or less favorable to the enrollee when a claim is denied than a preponderance of the evidence standard.
Effective date. This section is effective January 1, 2016, and applies to policies issued or renewed on or after that date.
- 2** **Inflation protection feature.** Amends § 62S.23, subdivision 1. Requires the inflation protection for a long-term care partnership policy be no less than one percent per year or a rate based on changes in the Consumer Price Index. The current law states that it may not be less than three percent per year.
Effective date. States this section is effective July 1, 2015, and applies to coverage sold on or after that date.
- 3** **Certain pre-July 1, 2016 policies.** Amends § 62S.24 by adding subdivision 9. (a) States that a long-term care insurance policy issued before July 1, 2006, that meets all of the requirements for a partnership policy shall be qualified as a partnership policy regardless of contrary laws and provided that benefits have not yet been paid out of the policy.

Section

(b) Allows an insured to make a written inquiry to an issuer of a long-term care insurance policy to find out if the policy meets the requirements for partnership policy status. Requires the issuer to reply within 30 days and take certain actions if the policy does qualify.

Effective date. This section is effective July 1, 2015.

4 Rate approval; recommendations. (a) Allows the commissioner of commerce to make recommendations to the legislature for standards governing the approval of actuarially justified rate increases for long-term care policies issued prior to January 1, 2002.

(b) Allows the commissioner to work with certain entities in the development of the recommendations and allows the commissioner to submit a report to the legislature on October 15, 2015, and February 1, 2016.